



The Insider

www.senate.mi.gov/switalski

Inside State Politics with State Senator Mickey Switalski Senate District 10

September 17, 2004

Welcome to the electronic version of *The Insider*. I would like to take the opportunity to thank you for your support and for giving me an opportunity to represent you in the Michigan Senate. It is my sincere hope that this bi-weekly e-newsletter will keep you informed of the happenings in Lansing while staying true to the traditional style of *The Insider*. If you would like to contact me, please feel free to e-mail me at senmswitalski@senate.michigan.gov or call me at my Roseville or Lansing office. You can also meet me in person during my constituent hours, coming to a library near you. Call my office and make an appointment or just walk in. See schedule for details.

How would Early Tax Collection Affect You?

There has been a great deal of confusion surrounding Early County Property Tax Collection (SB 1111 and 1112), which I sponsored and which the Michigan State Senate passed last week. Some news reports have misinterpreted the legislation's admittedly complicated details, and drawn the erroneous conclusion that property owners would pay more as a result of this legislation.

It just ain't so.

I think most citizens hearing about the issue want to know one thing: *How would such a change affect me?*

It's simple. You'll pay the same amount of money that you paid last year. You'll just pay it a wee bit earlier.

Here's how a Macomb County taxpayer with a \$100,000 home would experience the change. This year, in December of 2004, she will pay her county tax of \$210, just like she paid it last year. With the beginning of Early Tax Collection in 2005, she will pay \$70 in July, and \$140 in December.

That's still a total of \$210 bucks.

In 2006, she will pay \$140 in July, and \$70 in December. Notice that's still a total of \$210 bucks.

And finally in 2007, and in every year after that, she'll pay \$210 in July, and zero in December. And that's still \$210 bucks. She's still paying her county tax of \$210 bucks, but the end result is that she is paying it six months earlier than she used to. (Please see the chart below for more details on the proposal.)

Now what does she get for paying early?

She saves the state \$183 million dollars. Without that savings, the state would have to cut revenue sharing payments to every city, village, township, and county. We've already cut them three straight years, and this would be a *big* cut, about 17 percent.

That would mean, for example, \$1.8 million for Kalamazoo, \$4 million for Grand Rapids, and \$3.4 million for Flint, and they're already in receivership.

It would mean cuts of \$1.9 million for Sterling Heights, \$2.5 million for Warren, and \$1.4 million for Clinton Township. Ask the leaders in your city what a 17% cut would mean to the services they deliver. It wouldn't be pretty.

Macomb County has already let about 130 prisoners out of jail early, and they'd probably have to let out a lot more. Some local governments would have to lay off police and fire personnel. Or the state might have to cut school aid again.

After four years of budget cuts, the fat is gone and we are into the bone. Drastic cuts like this are not in the best interests of Michigan's residents. Nevertheless, the economy is still bad and people are hurting.

I think taxpayers would like to help us avoid more cuts, but they are just not in the position to be able to pay more.

As an alternative, it's preferable to gradually shift county tax payments from December to July to save money and avoid more cuts. Governor Granholm proposed the concept of early collection at the beginning of this year, as part of her budget package. Governor Engler used a similar approach when he shifted the State Education Tax several years ago.

As a result of suggestions by legislators and discussions with bankers and officials from local government, the legislation was altered to phase in the shift over three years to minimize impact on taxpayers, their escrow accounts and the local governments that serve them.

The resulting bills are supported by the Michigan Association of Counties, which represents Michigan's 83 counties, the Michigan Municipal League, and the Michigan Association of Townships. The bills passed the Senate with bipartisan support, 23-12, with a majority of both the Republican and Democratic Caucuses voting in favor of early collection. The bills will soon be taken up in the House.

Early Collection will create at least five years of budget relief and allow the legislature and governor time to fix our structural deficit problems.

I will leave to others the sterile debate as to whether Early Collection is a *tax increase*. No one who supports it would call it a tax increase. Everyone who opposes it says it is.

Labels change, but facts remain. You'll pay the same amount of money, but you'll pay it six months earlier. Pragmatists will ignore the rhetoric and do what makes sense to fix the state's budget shortfall. Early Tax Collection is a reasonable solution.

These bills are the final piece of the budget process. The Early Collection proposal did not pass the Michigan House on Wednesday and a counterproposal for a 16 percent cut in revenue sharing to local governments was defeated by a 79-24 vote.

How would early tax collection affect you?

Based on a \$100,000 home in Macomb County

2004		2005		2006		2007	
July	December	July	December	July	December	July	December
\$0	\$210	\$70	\$140	\$140	\$70	\$210	\$0
\$210		\$210		\$210		\$210	

** After July 2007, all Macomb County property taxes will be collected once a year in July.*

K-12 Education Budget Passes; 20J held harmless, cuts to ISDs

The Michigan Legislature passed the K-12 school aid budget (Senate Bill 1069) last week and will go to Governor Granholm for her signature after an agreement was reached to restore a proposed \$6.6 million cut to 20J “hold harmless” school districts.

Governor Granholm had proposed a \$6.6 million cut to 20J in her budget proposal in February. The Governor, Senate Majority Leader Ken Sikkema (R-Wyoming) and House Speaker Rick Johnson (R-LeRoy) agreed on this proposal.

The Warren Consolidated School District would have been cut \$1.2 million after the school year had begun unless another option was found. As vice chairman of the Senate Appropriations Subcommittee on the school budget, I worked with many colleagues to find an alternative to cuts to 20J. I also met with the Macomb County school superintendents in the final days to raise an understanding, seek a solution, and help bring public pressure to bear on the unfairness of these cuts.

This was an especially difficult fight, but I helped eliminate the proposed \$6.6 million cut to 20J school districts that receive more than \$9,000 per student. As a result of the compromise, the sale of several pieces of state owned property will provide the money necessary to fund 20J.

The school aid budget will also provide each school district with the \$6,700 minimum per pupil grant for the 2004-05 fiscal year that begins October 1. The state had to cut each school district \$74 per pupil last year as a result of sagging sales tax collections.

The K-12 school aid budget will also cut \$14 million dollars in funding dedicated to intermediate school districts. I fought against this proposal but was defeated in conference committee. Intermediate school districts provide services to school districts such as special education, early childhood and vocation education. As a result of the scandals that have rocked the Oakland ISD, it was too big of a hurdle to prevent cuts.

The K-12 budget also compromised on a proposal by the Governor to change the way pupils are counted for funding purposes. The Governor had proposed a shift in which school districts would receive

funding based on 50 percent of the current fall pupil count and 50 percent of the previous February count saving the state about \$45 million. Currently, the pupil count is at 80/20. This change would have significantly impacted faster growing school districts such as Chippewa Valley, who would have lost out on additional funding. A compromise was reached and a 75/25 count would be used to replace the 80/20 which saves the state roughly \$8 million.

Funding for education is a top priority of mine and I have fought successfully in the past to prevent cuts to 20J school districts whose voters opt to raise their school millages to offer their students a better education. I have done my best to minimize any cuts to K-12 education but believe that if cuts must be made that it should be done across the board and not by picking on a few school districts at the expense of others.

Mickey's TV Insider Show

Check out my TV Insider Show coming to a television station near you. Watch me interview local guests about politics, life, issues and concerns to our district.

Sterling Heights

Every Saturday and Sunday at 12:30 p.m.
(Comcast Channel 5/WOW Channel 10)

Utica

Every Wednesday at 9 a.m.
(Comcast Channel 5/WOW Channel 10)

Clinton Township

Last week of every month- Sat thru Thurs
(Comcast Channel 5/WOW Channel 10)

Roseville

Every other Tuesday at 6:05 p.m.
(Comcast Channel 18)

*Please note that Sterling Heights/Utica/Clinton Township will show the TV Insider Show on Comcast Channel 5 and Wide Open West Channel 10. Clinton Township will air the TV Insider Show at various times during the last week of every month. Roseville can see the TV Insider Show on Comcast Channel 18.

Coffee Hours

*Please note that since the District Office is in Roseville, I do not have set coffee hours in Roseville. However, I encourage you to visit the Roseville office. We even have a coffee pot. Everyone is welcome to attend the coffee hours and discuss their issues and concerns.

Sept. 27
7-9 p.m.

Location: Clinton Township Public Library
(35891 Gratiot, north of 15 Mile)

Oct. 4
7-9 P.M.

Location: Sterling Heights Public Library
(40255 Dodge Park)

Contact My Office

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